

2023

Cedar Key Community Redevelopment
Agency (A Component Unit of the City of
Cedar Key, Florida)

Financial Statements and
Independent Auditor's Report

September 30, 2023

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)**

CEDAR KEY, FLORIDA

SEPTEMBER 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Cedar Key Community Redevelopment Agency (the CKCRA), a component unit of the City of Cedar Key, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CKCRA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the CKCRA, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CKCRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CKCRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CKCRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CKCRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the budgetary comparison information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

INDEPENDENT AUDITOR'S REPORT

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2024, on our consideration of the CKCRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CKCRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CKCRA's internal control over financial reporting and compliance.



June 28, 2024
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Cedar Key Community Redevelopment Agency's (the CKCRA) management's discussion and analysis (MD&A) is designed to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the CKCRA's financial activity; (c) identify changes in the CKCRA's financial position (its ability to address the next and subsequent year challenges); (d) identify any material deviations from the financial plan (the approved budget); and (e) identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the CKCRA's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Financial Highlights

- The CKCRA's liabilities exceeded its assets by \$2,317,484 at the close of fiscal year 2023 (deficit net position). The CKCRA's deficit net position improved by \$859,441 during fiscal year 2023.
- The CKCRA's general revenues for 2023 increased by \$120,199 or 14.1% when compared to fiscal year 2022. The CKCRA's interest charges decreased by \$20,033 or 15.3% during this same period.
- Non-current liabilities as of September 30, 2023, are reported at \$1,890,000 and total liabilities are reported at \$2,518,781. This was a decrease of \$658,145 during the current fiscal year.

CKCRA Highlights

Revenue Note: Through the CKCRA, a \$9,200,000 revenue note was issued through SunTrust Bank (currently Truist Bank) in fiscal year 2008 for projects approved in the CKCRA Plan. In fiscal year 2023, the note was transferred to Argosy Credit Partners II, L.P.

The CKCRA's expenditures during the 2022-2023 fiscal year were payments of interest and principal of the above referenced revenue note and a transfer to the City of Cedar Key for a sidewalk project.

Overview of the Financial Statements

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the CKCRA's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the CKCRA's assets and liabilities, with the difference between the two reported as net position. This statement serves a purpose similar to that of the balance sheet of a private-sector business. Over time, increases and decreases in net position may serve as one indicator of whether the financial position of the CKCRA is improving or deteriorating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities presents information showing how the CKCRA's net position changed during the fiscal year. All changes in net position are reported using the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE STATEMENTS

Statement of Net Position

The following is a summary of the CKCRA's governmental activities net position for each of the past two years:

	Governmental Activities	
	2023	2022
Assets		
Current and Other Assets	\$ 201,297	\$ 1
Total Assets	201,297	1
 Liabilities		
Current Liabilities		
Redevelopment Revenue Note Interest Payable	48,781	127,962
Redevelopment Revenue Note	580,000	578,964
Total Liabilities	628,781	706,926
 Non-Current Liabilities		
Redevelopment Revenue Note, Non-Current	1,890,000	2,470,000
Total Liabilities	2,518,781	3,176,926
 Net Position (Deficit)		
Unrestricted	(2,317,484)	(3,176,925)
Total Net Position (Deficit)	\$ (2,317,484)	\$ (3,176,925)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities

The following is a summary of the changes in the CKCRA's governmental activities net position for each of the past two years:

	<u>Government Activities</u>	
	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Expenses:		
Interest Charges	\$ 111,166	\$ 131,199
Total Expenses	<u>111,166</u>	<u>131,199</u>
General Revenues:		
Tax Increment Financing	920,099	785,068
Miscellaneous	482	-
Contribution from City	76,578	65,340
Transfer to City	<u>(26,552)</u>	<u>-</u>
Total General Revenues	<u>970,607</u>	<u>850,408</u>
Change in Net Position	859,441	719,209
Net Position (Deficit), Beginning of Year	<u>(3,176,925)</u>	<u>(3,896,134)</u>
Net Position (Deficit), End of Year	<u>\$ (2,317,484)</u>	<u>\$ (3,176,925)</u>

Governmental activities improved the CKCRA's deficit net position by \$859,441.

GOVERNMENTAL FUNDS

Revenues

The millage rate was maintained at 4.744 mills for fiscal year 2023 and property values reflected a strong increase. The CKCRA property tax revenues increased by \$135,031 during fiscal year 2023. The transfer from other governments increased \$11,238.

Expenditures

The CKCRA expenditures increased by \$54,546 or 6.4%.

As of year-end, the governmental funds (as presented on the balance sheet) reported a \$201,297 fund balance, which was a direct result of maintaining the prior year millage rate and increasing property values.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

There were no capital asset acquisitions in the current fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Outstanding

There was outstanding debt in the amount of \$2,470,000 for the Redevelopment Revenue Note as of September 30, 2023.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

There are many challenges facing local governments today. Property values have continued to increase in recent years, contributing to related growth in the revenues of the CKCRA. While property values for the 2022-2023 fiscal year have increased, the future outlook of property values is unknown.

FINANCIAL CONTACT

The CKCRA's financial statements are designed to present users (citizens, taxpayers, customers, and creditors) with a general overview of the CKCRA's finances and to demonstrate the CKCRA's accountability. If you have any questions about the report or need additional information, contact City Hall, City of Cedar Key, P.O. Box 339, Cedar Key, Florida 32625, telephone: (352) 543-5132.

FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Assets	
Cash	\$ 201,297
Total Assets	201,297
 Liabilities	
Current Liabilities	
Redevelopment Revenue Note Interest Payable	48,781
Redevelopment Revenue Note	580,000
Total Current Liabilities	628,781
 Non-Current Liabilities	
Redevelopment Revenue Note, Non-Current	1,890,000
Total Liabilities	2,518,781
 Net Position (Deficit)	
Unrestricted	(2,317,484)
Total Net Position (Deficit)	\$ (2,317,484)

See accompanying notes.

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

	Expenses	Net Revenue (Expense) and Changes in Net Position
Functions		Total Governmental Activities
Governmental Activities:		
Interest Charges	\$ 111,166	\$ (111,166)
Total Governmental Activities	111,166	(111,166)
General Revenues:		
Tax Increment Financing		920,099
Miscellaneous		482
Contribution from City		76,578
Transfer to City		(26,552)
Total General Revenues		970,607
Change in Net Position		859,441
Net Position (Deficit), Beginning of Year		(3,176,925)
Net Position (Deficit), End of Year		\$ (2,317,484)

See accompanying notes.

BALANCE SHEET
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Assets		
Cash	\$	201,297
 Liabilities and Fund Balance		
Liabilities		
		-
 Fund Balance		
Restricted for Redevelopment Projects		201,297
Total Fund Balance		201,297
 Total Liabilities and Fund Balance		
	\$	201,297
 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position		
Total Fund Balance - General Fund	\$	201,297
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.		
Long-term liabilities at year-end consist of:		
Redevelopment Revenue Note		(2,470,000)
Accrued interest on note payable from current financial resources is not reported as a fund liability of the governmental fund.		
		(48,781)
Net Position of Governmental Activities	\$	(2,317,484)

See accompanying notes.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Revenues	
Tax Increment Financing	\$ 920,099
Miscellaneous	482
Contribution from City	<u>76,578</u>
Total Revenues	<u><u>997,159</u></u>
Expenditures	
Debt Service	(769,310)
Transfer to City	<u>(26,552)</u>
(Total Expenditures)	<u><u>(795,862)</u></u>
Excess of Revenues Over Expenditures	<u>201,297</u>
Net Change in Fund Balance	201,297
Fund Balance, Beginning of Year	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 201,297</u></u>
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	
Net Change in Fund Balance	\$ 201,297
Amounts reported for governmental activities in the statement of activities are different because:	
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Principal Repayments	578,964
Interest Payable	<u>79,180</u>
	<u>658,144</u>
 Change in Net Position of Governmental Activities	 <u><u>\$ 859,441</u></u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

In December 1999, the Cedar Key Community Redevelopment Agency (the CKCRA) was established by the City of Cedar Key, Florida (the City), by Resolution No. 194 as a public body organized pursuant to Part III, Chapter 163 of the Florida Statutes. The CKCRA's stated purpose is to promote redevelopment that is consistent with and implements a shared vision for the City. The governing body of the CKCRA is the City Commission of the City.

A redevelopment trust fund was established in December 1999 with the original redevelopment plan. The redevelopment plan was amended in 2000 and 2004 to incorporate changes of the vision of the City.

The following is a summary of the significant accounting policies applicable to the CKCRA:

- The accounting policies of the CKCRA conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting.

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the governmental activities of the CKCRA. The government-wide focus is more on the sustainability of the CKCRA as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific functional category. Program revenues include operating and capital grants and contributions. In 2023, the CKCRA did not have any program revenues. Taxes and other items not included as program revenues are reported as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Tax increment financing from property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheet. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide governmental activities column, a reconciliation is sometimes necessary to explain the adjustments needed to reconcile the fund-based financial statements to the governmental activities column of the government-wide presentation.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Fund operating statements present sources (revenue and financing sources) and uses (expenditures and other financing uses) of available spendable resources during the period. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the CKCRA considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for debt service expenditures, which are recognized when due.

Tax increment financing revenue and interest associated with the current fiscal period, are both considered to be measurable and have been recognized as revenues of the current fiscal year, if available.

Per Florida Statutes, Section 163.387, resources deposited into a redevelopment trust fund are restricted for community redevelopment activities pursuant to the approved redevelopment plan.

The CKCRA reports the general fund as a major governmental fund. The CKCRA fund is used to account for all financial resources received by the CKCRA. The CKCRA fund serves as the primary operating fund of the CKCRA. The CKCRA does not have any non-major funds.

Assets, Liabilities and Net Position

Nature and Purpose of Fund Balance: Per Florida Statutes, Section 163.387, unspent tax increment financing revenues are restricted for future redevelopment projects pursuant to the approved community redevelopment plan and are reported as restricted fund balance in the financial statements. There are no other classifications of fund balance.

Compensation Costs: The CKCRA has no employees of its own.

Net Position: The government-wide statements utilized a net position presentation. Net investment in capital assets is that portion of net position that relates to the CKCRA's capital assets reduced by accumulated depreciation. Restricted net position is unspent tax increment financing revenues that are restricted for future redevelopment projects.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management: The CKCRA is adequately insured for general liability and directors and officers insurance through the purchase of a commercial insurance policy. The amount of settlements has not exceeded insurance coverage in any of the past three years.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Note 2 - Deposits and Investments

At year-end, the CKCRA's cash balance was \$201,297. The CKCRA's bank deposits are held in qualified depositories pursuant to Chapter 280, Florida Statutes, *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The collateral pledging level may range from 25% to 200% depending upon the depository's financial condition and the length of time that the depository has been established. All collateral must be deposited with an approved financial institution. The Public Depository Security Trust Funds have a procedure to allocate and recover losses in the event of default or insolvency. The CKCRA's bank balances were insured either by the federal depository insurance corporation or collateralized in the bank's participation in the Act.

Authorized Investments

The CKCRA does not have a separate or written deposit and investment policy and it follows the state's guidance set forth in Section 219.075, Florida Statutes, regarding deposits and investments of surplus funds. That section requires local governments without written investment policies to follow the state policy in Section 218.415(17), Florida Statutes. That section authorizes the following investments:

- The Local Government Surplus Funds Trust Fund or any governmental investment pool authorized pursuant to the *Florida Interlocal Cooperation Act*, as provided in Florida Statute 163.01.
- Securities and Exchange Commission registered money market fund with the highest credit quality rating from a nationally recognized rating agency.
- Interest-bearing time deposits or savings accounts in qualified depositories.
- Direct obligations of the United States Treasury.

The CKCRA does not have policies that address credit risk, custodial credit risk, or interest rate risk. The CKCRA had no investments at year-end or during the year.

Note 3 - Long-Term Debt

The CKCRA authorized the issuance of a \$9,200,000 Redevelopment Revenue Note, Series 2007, dated December 20, 2007. The proceeds from the note were used to pay off existing outstanding loans of approximately \$2,315,420 and pay issuance costs of \$55,000. The balance of funds was used for various capital projects and to pay debt service.

Payment of principal and interest at 3.95% is due semiannually on April 15 and October 15, through April 15, 2027.

The CKCRA Redevelopment Revenue Note is secured solely by the Tax Increment Revenues derived from the Redevelopment Area established under Ordinance No. 338 enacted by the City on October 10, 2000, as provided by Section 163.387, Florida Statutes. Neither the City nor the CKCRA shall ever be required to levy ad valorem taxes to pay the principal or interest on the Redevelopment Revenue Note. The holder of the Redevelopment Revenue Note shall not be entitled to payment of the note from any funds of the CKCRA except from Tax Increment Revenues described above.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Interest expense recorded during 2023 on long-term debt totaled \$111,166, none of which was capitalized.

Principal and interest amounts due through maturity on long-term debt are as follows:

<u>Year Ending September 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>
2024	\$ 580,000	\$ 97,565
2025	605,000	74,655
2026	630,000	50,758
2027	<u>655,000</u>	<u>25,872</u>
Total	<u>\$ 2,470,000</u>	<u>\$ 248,850</u>

The following tabulation summarizes the changes in the long-term debt during the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$9.2 Million Redevelopment					
Revenue Note, Direct Borrowing	\$ 3,048,964	\$ -	\$ (578,964)	\$ 2,470,000	\$ 580,000

Events of Default – The following shall constitute an event of default in accordance with the City’s Resolution No. 285 (the Resolution):

- The CKCRA’s failure to pay any payment of principal and interest on any Note as the same becomes due and payable.
- Default in the performance or observance of any covenant or agreement contained in the Resolution and failure to cure the same within thirty (30) days.
- Filing of a petition by or against the CKCRA relating to bankruptcy, reorganization, arrangement or readjustment of debt of the CKCRA, or for any other relief relating to the CKCRA under the United States Bankruptcy Code, as amended, or any other insolvency act or law now or hereafter existing, or the involuntary appointment of a receiver or trustee for the CKCRA, and the continuance of any such event for 90 days undismissed or undischarged.

Upon the occurrence and during the continuation of any event of default, the owner of the note may declare the entire debt then remaining unpaid immediately due and payable, and in any such default and acceleration, the CKCRA shall also be obligated to pay, as part of the indebtedness evidenced by the note, all costs of collection and enforcement hereof, including such reasonable attorney’s fees as may be incurred, including on appeal or incurred in any proceeding under bankruptcy laws as they now or hereafter exist.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Note 4 - Tax Increment Financing Revenue

The CKCRA is primarily funded through tax increment financing revenue. This revenue is computed by applying the millage rate for Levy County multiplied by the increased value of property in the CKCRA over the base property value minus 5% and applying the millage rate for the City multiplied by 15% of the increased value of property in the CKCRA over the base property value. The City and Levy County are required to fund this amount annually without regard to tax collections or other obligations.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET TO ACTUAL (UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 920,099	\$ 920,099	\$ 920,099	\$ -
Miscellaneous	-	-	482	482
Contributions from City	76,578	76,578	76,578	-
Total Revenues	<u>996,677</u>	<u>996,677</u>	<u>997,159</u>	<u>482</u>
Expenditures				
Debt Service	768,675	768,675	769,310	(635)
Transfer to City			26,552	(26,552)
Reserve for Contingencies	228,002	228,002	-	228,002
(Total Expenditures)	<u>(996,677)</u>	<u>(996,677)</u>	<u>(795,862)</u>	<u>200,815</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>201,297</u>	<u>201,297</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,297</u>	<u>\$ 201,297</u>

See note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2023
CEDAR KEY COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF CEDAR KEY, FLORIDA)

Note 1 - Budgetary Procedures and Budgetary Accounting

The Cedar Key Community Redevelopment Agency (the CKCRA) adheres to the following procedures in establishing the budgetary data reflected in the accompanying financial statements:

- Prior to September 30, the City Commission submits a proposed operating budget for the CKCRA Fund for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Cedar Key Community Redevelopment Agency (the CKCRA), a component unit of the City of Cedar Key, Florida (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the CKCRA's basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CKCRA's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CKCRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CKCRA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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To the Honorable City Commissioners
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Cedar Key, Florida

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CKCRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CKCRA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CKCRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 28, 2024
Gainesville, Florida

**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH FLORIDA STATUTE SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS**

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

We have examined the Cedar Key Community Redevelopment Agency’s (the CKCRA) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2023. The CKCRA’s management is responsible for the CKCRA’s compliance with those requirements. Our responsibility is to express an opinion on the CKCRA’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CKCRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CKCRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination of the CKCRA’s compliance with specified requirements.

In our opinion, the CKCRA complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Florida Auditor General, the City Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 28, 2024
Gainesville, Florida

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**INDEPENDENT ACCOUNTANT’S REPORT ON COMPLIANCE
WITH SECTION 163.387(6) AND (7), FLORIDA STATUTES – REDEVELOPMENT TRUST FUND**

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

We have examined the Cedar Key Community Redevelopment Agency’s (the CKCRA) compliance with Section 163.387(6) and (7), Florida Statutes during the fiscal year ended September 30, 2023. The CKCRA’s management is responsible for the CKCRA’s compliance with those requirements. Our responsibility is to express an opinion on the CKCRA’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the CKCRA complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CKCRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material non-compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination of the CKCRA’s compliance with specified requirements.

In our opinion, the CKCRA complied, in all material respects, with the aforementioned requirements during the fiscal year ended September 30, 2023.

This report is intended solely for the information and use of the Florida Auditor General, the City Commissioners, and applicable management, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 28, 2024
Gainesville, Florida

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MANAGEMENT LETTER

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

Report on the Financial Statements

We have audited the financial statements of the Cedar Key Community Redevelopment Agency (the CKCRA), a component unit of the City of Cedar Key, Florida (the City), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 28, 2024.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Reports on an examination conducted in accordance with American Institute of Certified Public Accountants *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding financial report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This is disclosed in Note 1 of the financial statements.

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To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

MANAGEMENT LETTER

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the CKCRA met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the CKCRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the CKCRA. It is management's responsibility to monitor the CKCRA's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Unit

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the CKCRA reported:

- a. The total number of CKCRA employees compensated in the last pay period of the CKCRA's fiscal year as 0.
- b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the CKCRA's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the CKCRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- f. A budget variance based in the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the CKCRA amends a final adopted budget under Section 189.016(6), Florida Statutes, as \$0.

To the Honorable City Commissioners
City of Cedar Key
Cedar Key, Florida

MANAGEMENT LETTER

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we communicate non-compliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, and the City Commissioners and applicable management of the CKCRA, and is not intended to be, and should not be, used by anyone other than these specified parties.



June 28, 2024
Gainesville, Florida

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